

NCEEP Budget Update and NCDOT/NCEEP Operational Process Improvement

Richard Hancock, NCDOT PDEA Unit Head

Michael Ellison, Ecosystem Enhancement Program Director

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Budget Update and Business Process

- History of EEP
- Current NCDOT/NCEEP Operational Process
- Budget Update
- Operational Process Improvement Initiative

WHAT WE DO



Compensatory
Mitigation for
stream,
wetland,
riparian buffer
and nutrient
offsets

Supports
economic
development
COST CERTAINTY
**REGULATORY
ACCEPTANCE**

Leverages
mitigation
investments to
the benefit of
the state's
natural
resources

PARTNERS
Landowners
Contractors
Investors
Engineers
Cities &
Counties

UT to Jumping Run – Stream and Wetland Complex



- Since June 2003, NCEEP has supported NCDOT in meeting its mission statement by providing the required off-site compensatory mitigation
- NCDOT and NCDENR have a joint MOA that defines the business process we work under
- Since inception of EEP there have been no projects where the let date has been delayed due to the lack of mitigation

NCDOT / NCEEP MOA Operational Process

- NCDOT provides NCEEP a list of transportation projects and estimated impacts for each year based on a 7-year STIP Highway program
- NCEEP develops Operational Strategic Plan to meet NCDOT's mitigation needs
- NCEEP develops biennial budget and requests NC Board of Transportation approval
- NCDOT pays NCEEP based on quarterly invoices
= ACTUAL COST SYSTEM

Budget Update

- Normally present proposed biennial budget as approach end of State fiscal year
- Due to ongoing STIP development implementing STI prioritization process, not requesting budget approval for SFY 15-16
- Proposal to proceed with SFY 14-15 budgeted amount as approved by BOT last year

Cash Flow Projection

EEP Biennial Budget State Fiscal Years (SFY) 2013/14 and 2014/15

Summary

Line Item **	MOA Year 11* (SFY 2013/14)				MOA Year 12* (SFY 2014/15)				Total
	Quarter #1	Quarter #2	Quarter #3	Quarter #4	Quarter #5	Quarter #6	Quarter #7	Quarter #8	
	07/13 - 09/13	10/13 - 12/13	01/14 - 03/14	04/14 - 06/14	07/14 - 09/14	10/14 - 12/14	01/15 - 03/15	04/15 - 06/15	
Administration									
Salaries	\$ 908,991	\$ 908,991	\$ 908,991	\$ 908,991	\$ 908,991	\$ 908,991	\$ 908,991	\$ 908,991	\$ 7,271,928
Operating	\$ 83,275	\$ 83,275	\$ 83,275	\$ 83,275	\$ 83,275	\$ 83,275	\$ 83,275	\$ 83,275	\$ 666,200
SPO and legal	\$ 92,146	\$ 92,146	\$ 92,146	\$ 92,146	\$ 92,146	\$ 92,146	\$ 92,146	\$ 92,146	\$ 737,168
Restoration	\$ 8,585,840	\$ 10,519,146	\$ 6,799,012	\$ 8,051,616	\$ 13,260,515	\$ 9,116,496	\$ 8,117,302	\$ 3,593,870	\$ 68,043,796
Stewardship	\$ 58,280	\$ 58,280	\$ 58,280	\$ 58,280	\$ 65,617	\$ 65,617	\$ 65,617	\$ 65,617	\$ 495,584
Planning Framework	\$ 132,929	\$ 96,500	\$ 84,000	\$ 96,000	\$ 89,000	\$ 50,000	\$ 20,000	\$ 15,000	\$ 583,429
Total (by Quarter)	\$ 9,861,460	\$ 11,758,337	\$ 8,025,703	\$ 9,290,307	\$ 14,499,544	\$ 10,316,525	\$ 9,287,331	\$ 4,758,899	\$ 77,798,105

Total (Annual)

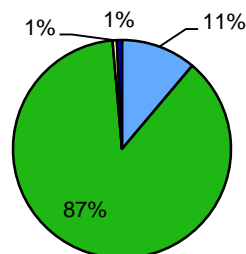
* Year of operation as EEP since 2003

** See individual linetabs for details

Summary

Administration	\$ 8,675,296
Restoration	\$ 68,043,796
Stewardship	\$ 495,584
Planning Framework	\$ 583,429
Biennial Total	\$ 77,798,105

Distribution



- Administration
- Restoration
- Stewardship
- Planning Framework

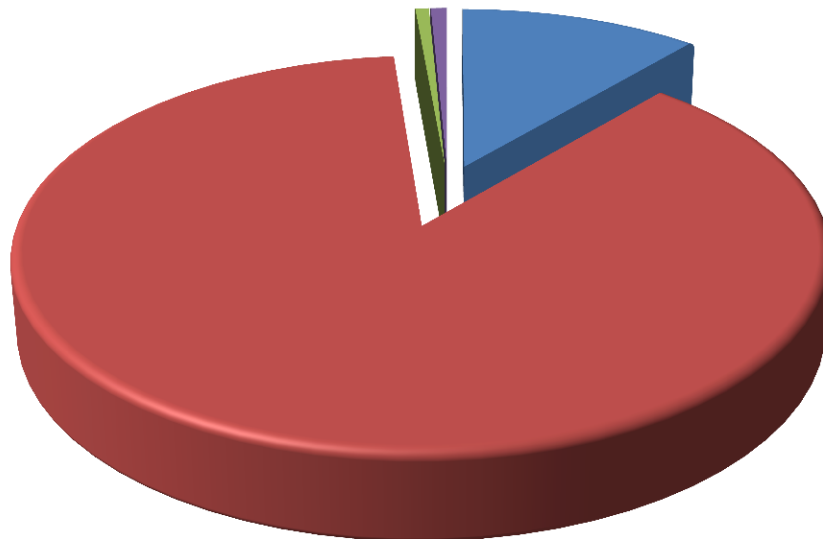
77,798,105

EEP Biennial Budget

State Fiscal Years 2013 / 14 and 2014 / 15

(Total proposed 2-year budget \$77,193,043)

Summary



■ Administration (11.24%)

■ Restoration (87.36%)

■ Stewardship (0.64%)

■ Planning Framework
(0.76%)

Budget Update

- Propose to change SFY 14-15 budget line items as follows: Total : \$ 38.8 million

*New Project Starts (fee based program) -	\$ 6 million
Administration -	\$ 4 million
Ongoing Restoration Projects -	\$ 24 million
Additional Payment for completed projects	\$ 4 million
Planning and Stewardship -	\$0.8 million

Process Improvements

In June 2013, NCDOT and NCEEP agreed to develop a new business model that would:

- Transition from a “pay as work is done” to a Fee Based Program
 - Mitigation fees will cover all facets of work from administration, watershed planning, mitigation planning, design, site acquisition, construction, remediation, monitoring, and long-term stewardship.
 - Payment of fees will relieve all NCDOT liability for the mitigation that is provided by NCEEP.

Fee Based Program Proposal

- Within program, NCDENR-EEP will provide NCDOT with an annual report of its work for NCDOT
- Audits will be conducted by third party on a biennial basis to address the fiscal and environmental/technical components of the program
- Annual report and audit will ensure program efficiency

Expected Outcomes

- Simplifies and streamlines NCDOT and NCEEP's coordination process
- NCDOT has more predictable mitigation costs
- Reduces number of NCDOT changes to mitigation orders
- Fee is all inclusive; NCDOT relieved of liability after the mitigation fee is paid
- NCDOT can provide more focus on improving accuracy of impact projections

Fee Based System Implementation

- Request approval to begin transition to lump sum fee based payment for mitigation orders in SFY 14-15 (\$6 million new starts)
- Relatively low mitigation order & is financially doable

For Future BOT Approval (in 6-9 months)

- Proposed specific details of fee structure
- Proposed operating agreement between NCDOT and NCDENR-EEP to reflect fee based payment system
- Additional requests for increased mitigation budget as STI prioritization results are obtained and reviewed